

98-84327-9

Whitney, E.

A new silver plan

[S.I.]

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v.71 A new silver plan.
141 p. 19 cm.
Signed: E. Whitney, Elizabeth, N.J. June-
July, 1893.
Vol. of pamphlets.

ONLY ED

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TECHNICAL MICROFORM DATA

FILM SIZE: 35 mm

REDUCTION RATIO: 9:1

IMAGE PLACEMENT: IA IIA IB IIB

DATE FILMED: 2-6-98

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A NEW SILVER PLAN.

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Some further considerations as to the New Silver Plan, first published in Hon. R. G. Horr's article in the Weekly Tribune of June 21st 1893.

The following is the plan:

1. All silver to be taken by the Government when offered, refined, and made into ingots of 1,000 ounces each.
2. The silver to be stored and the owner to be given certificates of so many ounces.
3. These certificates to be issued in 10, 100 and 1,000 ounces only.
4. Silver to be delivered to any person on presentation of certificate or certificates.
5. Certificates to be outlawed after a certain time if not presented for redemption, say after ten years.
6. The Secretary of the Treasury at stated intervals, say weekly, to issue a statement of the price of silver per ounce, being the average of sales recorded for that week.
7. These certificates to be a legal-tender at a rate fixed by the last statement of the Secretary of the Treasury, previous to the making of the tender.
8. No more coinage of silver dollars.
9. The purchase of silver by the Government stopped.
10. The uncoined silver now owned by the Government to be subject to sale by the Secretary of the Treasury, as needed, for gold to keep up the \$100,000,000 reserve.

The advantages claimed were as follows:

1. This will make a market for silver.
2. It will be equivalent to free coinage.
3. It will give plenty of money.
4. It will be safe money.
5. The loss of certificates will be enough to reimburse the expenses of the Government.
6. If the remonetization of silver will restore its former price, this will, if not, not.
7. No European silver can swamp us.
8. The variation from week to week will be small, and so no one will lose or gain seriously by sudden changes, and as the certificates would call for ounces, the Government could neither lose nor gain.

9. After some years of experience, say five, we will know the real ratio of value between gold and silver and can then coin or recoin on that basis if needful.

E. WHITNEY.

Elizabeth, N. J. June 12, 1893.

We now have free coinage of gold, that is, if one deliver gold at the mint, he receives without charge its value in gold coin. If ten eagles are caught in a fire and melted into one mass, that mass is still worth one hundred dollars. If now, silver was treated just so, we should have free coinage of silver, as I understand it. The phrase has been made use of by the silver advocates, to mean coinage at sixteen to one; but all the time under the claim that that would be the just value of the silver, and that free coinage only is needed to restore that rate.

There are practically two sects on the silver question in the United States. 1st. Those who from interest in silver mines or other speculative reasons desire free coinage at the rate of sixteen to one, and with these are joined many who are of the opinion that such coinage would be just and would restore the old value.

2nd. Those who think that silver should be restored to its place as money at whatever its honest value and so believe in free coinage.

There are probably few nonmetalists either for silver or gold; and a large share of class one, really belongs in class two. Most of both classes think it a grievance that silver is not treated the same as gold and any grievance whether real or imaginary should be removed if it can be done without injustice.

But we cannot coin silver dollars without knowing how much silver to put into them; some say at the ratio of 16 to 1, some at 30 to 1, and others are proposing we should make a guess and try 20 to 1.

Some propose a combined coin but the same question comes up in a new form, what proportion of each metal will do justice?

Some propose payment, part in one metal and part in the other but here we meet the same question again.

Now this question of the ratio of silver to gold is not one to be settled by argument; but only by experiment.

To coin at 16 to 1, many believe would be disastrous, the ratio 30 to 1, almost all think would be unjust and perhaps equally disastrous.

The problem then is, how to try this experiment without the risk of getting the wrong ratio. One solution is the plan above printed of issuing certificates of ounces instead of dollars, making them legal tender at their value as ascertained from time to time.

Suppose that by some contingency the machinery of the mint broke down so that no gold coins could be struck off for a year but that the Government still received the gold, refined it and issued gold certificates (the present yellowbacks instead, would that not be equivalent to free coinage of gold?)

It is true that these certificates might not go abroad, but our gold coin only goes abroad by weight and the ingots of gold could go as well. In the same way it seems that certificates might be issued for ounces of silver and if made a legal tender this would be equivalent to free coinage, and with some advantages over gold; for, while a man may carry a thousand dollars in gold (4lbs.) without serious trouble he could hardly manage one hundred dollars in silver (10lbs.) without great inconvenience and so silver coin must neces-

sarily be confined to use in small payments, but with these certificates it would be possible to use it in larger payments also.

Thus the same reasons and stronger would lead to this use of silver that now lead to the coinage of gold. Those who hold gold do have it coined and still more would those who own silver be likely to deposit it and take certificates because of their greater convenience.

Now as soon as these certificates began to come into use every bank and every business man would naturally be interested in seeing silver go up and instead of a few miners we should have the business people of the country all helping to move the ratio from 30 to 1, when it now is, toward the real value which is claimed to be greater.

Of course if the out-put from the mines were greatly increased, or if some one should find how to get silver out of sea-water at 25 cents per ounce, silver will go lower but such chances must be met and such losses borne by whoever owns the silver, under the present system and there is fair reason to hope that the change would be a rise and not a fall in the value of silver.

It may be objected that this plan makes gold the standard of value.

That is true, but gold is already the standard here and elsewhere; and it can hardly be said there ever was any other here, for the silver dollars coined by the U. S. Government before 1878 were so few that they were of no account, only 8,000,000 in all.

I do not think, that in all my life, before the war, I ever saw 100 American silver dollars or 10 together. And unless in a bank or a brokers office, much the same will be said by others. The halves and quarters have been lighter by law than their face value for forty years past.

The present system is making gold scarce by the fear of its scarcity. Single individuals are said to have each over a million of gold held in reserve and thousands must have less sums. All this will come forth and be at the use of the public when once the fear of a depreciated currency is gone.

The true "gold bugs" are those who would help these hoarders to realize a profit on their hoardings; but it seems the part of wise men to make such hoarding hopeless. Then the Government can easily increase the gold reserve which ought to be at least 200 millions instead of 100 millions.

Again, it seems probable that State banks of issue will be reestablished. If so, they must for safety have a specie reserve of $\frac{1}{2}$ to $\frac{3}{4}$ their circulation but such a demand will make gold scarcer than ever, and a reserve in silver dollars worth say, 50 cents a piece will be a farce. Provide silver certificates and you have a basis for circulation with no strain on the finance of the country.

The Government has coined 420 millions of silver dollars since 1877. Sixty millions have gone into circulation. 60 more might be held in reserve in case of need. Three hundred millions might better be melted up and sold to increase the gold reserve as needed.

It may be said that the Government will lose by selling this silver. This is true but the loss has been incurred already, and if silver should hereafter rise the gains will go into the pockets of the people, so that there will be no serious injury.

Mr. Horr says of this plan:—

"It is new."

"It is ingenious."

"It is safe."

"It is certainly very much superior to the present plan."

"It would furnish for the people of this country legal tender money, based upon silver at its commercial value."

"If it will settle the real ratio between gold and silver, a great point would be gained."

E. W.

Elizabeth, N. J. July 25th, 1896.

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